Press Release

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Black Knight: Active Foreclosure Rate and Inventory End 2018 Below Pre-Recession Averages; Total Year Foreclosure Starts and Sales Hit More Than 18-Year Lows

- All four major performance metrics – delinquencies, serious delinquencies, active foreclosures and total non-current inventory – ended the year below 2000-2005 pre-recession averages for the first time since the financial crisis
- Both the national foreclosure rate and active foreclosure inventory have fallen below long-term norms; at the current rate of decline, both would reach near-record lows by the end of 2019
- 576,000 foreclosures were initiated in 2018, the lowest such annual total in more than 18 years
- First-time foreclosures were also at historic lows, with over 60 percent of foreclosure referrals last year being repeat actions, the highest share ever recorded
- Foreclosure sales (completions) hit a low of more than 18 years; 2018's 175,000 foreclosure sales were down 25 percent from the year prior, and were 40 percent below their pre-recession average

JACKSONVILLE, Fla. – Feb. 4, 2019 – Today, the Data & Analytics division of Black Knight, Inc. (NYSE:BKI) released its latest Mortgage Monitor Report, based upon its industry-leading loan-level mortgage performance database. With full-year mortgage performance data in, this month's report looked at 2018 in review. As explained by Ben Graboske, president of Black Knight's Data & Analytics division, more than a decade past the start of the financial crisis, most metrics reflect a recovery to their long-term, 2000-2005 pre-recession averages.

"Across the board, 2018 year-end numbers are good news from a mortgage performance perspective," said Graboske. "All four major performance metrics – delinquencies, serious delinquencies, active foreclosures and total non-current inventory – ended the year below pre-recession averages for the first time since the financial crisis. Just 576,000 foreclosures were initiated throughout the entirety of 2018 – an 18-year low – and the vast majority of these were repeat actions. In fact, first-time foreclosures were down 18 percent from the year before, hitting the lowest point we've seen since Black Knight started reporting the metric in 2000. Even repeats – though making up more than 60 percent of all foreclosures – were down 6 percent from 2017.

"These year-end numbers are further proof of what we've been observing for some time now. The high credit quality and corresponding lower risk we've seen in the post-crisis origination market for the better part of a decade continues to pay dividends in terms of mortgage performance. In addition, the low interest rate environment we've enjoyed for so long had – until very recently – resulted in a refinance-heavy blend of originations for years. Refis, as a whole, tend to outperform their purchase mortgage counterparts, which has boosted mortgage performance as well. On top of that, we've had the benefit of strong employment and housing markets, which have helped the vast majority of homeowners meet their debt obligations, while those few who may have faced a possible default have gained enough equity to be able to sell rather than face foreclosure."

As the average interest rate on a 30-year mortgage ticked down again in January, falling below 4.5 percent for the first time since April 2018, Black Knight revisited the impact this change has had on the refinanceable population. The decline in rates has returned the interest rate incentive to refinance to 1 million homeowners, a 50 percent increase in rate/term refinance incentive over just the last two months. There are now 2.9 million homeowners with mortgages who could likely qualify for a refinance under broad-based criteria and also reduce the interest rate on their first mortgage by at least 0.75 percent by doing so, the largest this population has been since January 2018. Even if rates should hold steady – and certainly if they fall further – this could lead to an unexpected bump in refinance volumes in early 2019.

As was reported in Black Knight's most recent First Look news release, other key results include:

Total U.S. loan delinquency rate:	3.88%
Month-over-month change in delinquency rate:	4.71%
Total U.S. foreclosure pre-sale inventory rate:	0.52%
Month-over-month change in foreclosure pre-sale inventory rate:	1.19%
States with highest percentage of non-current* loans:	MS, LA, AL, WV, AR
States with lowest percentage of non-current* loans:	ND, ID, WA, OR, CO
States with highest percentage of seriously delinquent** loans:	MS, LA, AL, AR, NC

*Non-current totals combine foreclosures and delinquencies as a percent of active loans in that state.
**Seriously delinquent loans are those past-due 90 days or more.
Totals are extrapolated based on Black Knight's loan-level database of mortgage assets.

About the Mortgage Monitor
The Data & Analytics division of Black Knight manages the nation's leading repository of loan-level residential mortgage data and performance information on the majority of the overall market, including tens of millions of loans across the spectrum of credit products and more than 160 million historical records. The company's research experts carefully analyze this data to produce a summary supplemented by dozens of charts and graphs that reflect trend and point-in-time observations for the monthly Mortgage Monitor Report. To review the full report, visit: https://www.blackknightinc.com/data-reports/

About Black Knight
Black Knight (NYSE:BKI) is a leading provider of integrated software, data and analytics solutions that facilitate and automate many of the business processes across the homeownership lifecycle.

As a leading fintech, Black Knight is committed to being a premier business partner that clients rely on to achieve their strategic goals, realize greater success and better serve their customers by delivering best-in-class software, services and insights with a relentless commitment to excellence, innovation, integrity and leadership. For more information on Black Knight, please visit http://www.blackknightinc.com/.

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